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Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Financial performance report of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Report of the Secretary-General

Summary

The present report is submitted in compliance with paragraph 8 of General Assembly resolution 55/265 of 14 June 2001, by which the Assembly requested the Secretary-General to provide an updated report in one year on the financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters.

The report contains updated information on amounts owed to troop-contributing Governments, expenditures, cast position and unpaid assessed contributions.

The actions to be taken by the General Assembly are set out in paragraph 10 of the report.

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I. Introduction

1. By paragraph 8 of its resolution 55/265 of 14 June 2001 on the financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters, the General Assembly decided to suspend for the immediate future the provisions of regulations 4.3, 4.4 and 5.2 (*d*) of the financial regulations of the United Nations in respect of the remaining surplus of $174,743,027 gross ($175,519,370 net) in order to allow for reimbursements to troop contributors and in the light of the cash shortage of the combined Forces. In this connection, the Assembly requested the Secretary-General to provide an updated report in one year.

II. Status of reimbursement to troop-contributing Governments

Troop costs

2. Full reimbursement of troop costs has been made.

Contingent-owned equipment

3. Full reimbursement for usage charges has been made. However, an amount of $18.3 million remains obligated in the accounts for the settlement of outstanding claims for losses.

Other claims

4. As at 31 December 2001, unliquidated obligations amounted to $3.8 million for outstanding claims from troop-contributing countries for goods and services provided under Letters of assist as well as for death and disability.

III. Updated financial performance report

Table 1
Summary of resources as at 31 December 2000 and 31 December 2001
(United States dollars)

	Gross as at 31 December 2000	*Gross as at 31 December 2001*	*Net as at 31 December 2000*	*Net as at 31 December 2001*
1. Appropriations	5 082 586 459	5 082 586 459	5 044 754 959	5 044 754 959
2. Expenditures	4 581 943 000	4 560 205 000	4 547 379 900	4 525 641 900
Total, 1 less 2	**500 643 459**	**522 381 459**	**497 375 059**	**519 113 059**
Credits applied to Member States				
United Nations Peace Forces	262 589 246	262 589 246	264 274 828	264 274 828
Tribunal	63 311 186	63 311 186	57 580 861	57 580 861
Subtotal	**325 900 432**	**325 900 432**	**321 855 689**	**321 855 689**
Balance of appropriations	**174 743 027**	**196 481 027**	**175 519 370**	**197 257 370**

5. As shown in table 1 above, the unencumbered balance of appropriations has increased from $174,743,027 gross ($175,519,370 net) to $196,481,027 gross ($197,257,370 net), an increase of $21,738,000. This increase resulted from the following transactions recorded during the last 12-month period: reductions amounting to $21,437,000 from the cancellation of prior period obligations and prior period adjustments of $301,000.

6. While there is an unspent balance of appropriations of some $196 million gross, the cash balance is significantly less. Although the financial position has improved substantially during the last 12 months, that is, from an operating deficit of $305.9 million to a cash surplus of $133.9 million, as shown in table 2 below, there are still insufficient funds to credit the entire unencumbered balance to Member States.

Table 2
Financial position as at 31 December 2000 and 31 December 2001
(United States dollars)

	As at 31 December 2000	*As at 31 December 2001*
Cash balance	10 423 000	174 550 000
Cash requirements		
Unliquidated obligations	53 538 000	23 865 000
Amounts owed to Governments in accounts payable	260 828 451	13 661 000
Other amounts in accounts payable	585 000	564 000
Outstanding loans	-	1 000 000
Inter-fund balances payable	1 361 000	1 522 000
Subtotal	**316 312 451**	**40 612 000**
Operating deficit/cash balance	(305 889 451)	133 938 000

7. The shortfall referred to in paragraph 6 above relates to unpaid assessed contributions. The status of assessed contributions to the United Nations Peace Forces as at 31 December 2001 is detailed in table 3 below.

8. Over the life of the mission, all cash resources that were recorded in the United Nations Peace Forces special account, including interest income, miscellaneous income and voluntary contributions in cash, have been utilized in order to meet the operating costs of the mission. It should also be noted that no reimbursement of expenditures amounting to $127,379,954 incurred by the United Nations Peace Forces for goods and services that should have been provided without cost under the terms of the agreements with the host Governments has been received. A summary of other income is provided in table 4 below for information purposes.

Table 3
Status of assessed contributions to the United Nations Peace Forces as at 31 December 2000 and 31 December 2001
(United States dollars)

	As at 31 December 2000	*As at 31 December 2001*
Appropriations (gross)	5 082 586 459	5 082 586 459
Applied credits:		
Income from staff assessment	(26 389 659)	(26 389 659)
Unencumbered balance	(196 178 748)	(196 178 748)
Subtotal	**(222 568 407)**	**(222 568 407)**
Net amount assessed	4 860 018 052	4 860 018 052
Payment received	4 243 293 679	4 654 665 068
Unpaid assessed contributions	616 724 373	205 352 984

Table 4
Other income as at 31 December 2000 and 31 December 2001
(United States dollars)

	As at 31 December 2000	*As at 31 December 2001*
Voluntary contributions in cash[a]	7 175 622	7 175 622
Interest income	46 472 000	49 283 000
Miscellaneous income[b]	87 978 000	89 051 000

[a] Excludes voluntary contributions in cash to the rapid reaction capacity, which were returned to the Member States concerned.
[b] Includes an amount of $50,819,060, which represents the sale of United Nations Peace Forces assets to the Implementation Force contingents on an offset basis.

IV. Application of unencumbered balance

9. In paragraph 124 of his report on the implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations (A/55/977), the Secretary-General proposed a modest up-front procurement of a medium strategic reserve for Brindisi in order to deploy a peacekeeping operation in 30 to 90 days. The report containing the budget for the Strategic Reserve Stocks, estimated at $179.7 million, is being finalized. In view of the fund balances available in several closed missions, for which final performance reports are being submitted to the General Assembly at its current session, it is proposed that the balances be transferred to the account of the United Nations Logistics Base at Brindisi to meet the cost of the Strategic Reserve Stocks rather than be credited to Member States. As regards United Nations Peace Forces, it is proposed that part of the cash balance of $133,938,000 reflected in table 2 be transferred from the Peace Forces special account to the United Nations Logistics Base account for this purpose.

V. Actions to be taken by the General Assembly

10. **The actions to be taken by the General Assembly are:**

(a) **A decision that Member States shall waive their respective shares in the amount of $125,644,300 from the balance of appropriations of $196,481,027 gross ($197,257,370 net), to be applied to the resources required for the financing of the strategic deployment stocks;**

(b) **A decision to credit the remaining cash balance of $8,293,700 to Member States;**

(c) **A decision to continue to suspend temporarily the provisions of financial regulations 4.3, 4.4 and 5.2 (*d*) in respect of the remaining surplus of $62,543,027 gross ($63,319,370 net) in light of the cash shortage of the combined forces.**